



Deputy Assistant Secretary of the Army Defense Exports & Cooperation



“Meeting New Challenges with New Thinking”

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22 January 2007

DESIGN·DEVELOP·DELIVER·DOMINATE

We Make Soldiers Strong

OVERVIEW

- **Health of Security Assistance Community**
- **Security Assistance Changes**
- **Benefits of Changes**
- **Priorities for the Future**
- **DASA DE&C Perspective**
- **DASA DE&C Core Mission Areas**
- **DASA DE&C Funding Trends**
- **International Cooperative Agreements Research, Development & Acquisition (ICRDA) Agreements**
- **Army Security Cooperation Challenges**
- **Security Cooperation - New Way of Thinking**
- **Army Direction**
- **Summary**

Health of Security Assistance Community

FY04 Sales/Expenses

Sales Value:	\$13,500,000,000
Annual Expenses:	346,000,000
Earnings:	302,000,000
Deficit Spending:	(44,000,000)

FY05 Sales/Expenses

Sales Value:	\$10,600,000,000
Annual Expenses:	353,000,000
Earnings:	313,000,000
Deficit Spending:	(40,000,000)

FY06 Sales/Expenses

Sales Value:	\$20,900,000,000
Annual Expenses:	353,000,000
Earnings:	483,000,000
Deficit Spending:	130,000,000

**Current Sales as of 3 Jan 07 \$4,050,000,000
(estimating \$20,900,000,000 for FY07)**

Security Assistance Changes

- **Revise Administrative Surcharge rate to 3.8%**
- **Better define and enforce the “Standard Level of Service”**
- **Charge levels of service that are higher than the “Standard” directly to the customer on the case**
- **Established a “Small Case” Management line requirement**
- **Eliminate 5% Administrative Surcharge currently charged for “Non-Standard items**
- **Eliminate the Logistics Support Charge (LSC) – Oct 07**
- **Review Administrative Surcharge and “Small Case” Management Line value requirements annually**

Benefits of Changes

- **Administrative Surcharge** – Recover costs and generate funds for investments in labor and automation.
- **Logistics Support Charges** – Eliminated an obsolete charge and addressed a major customer complaint.
- **Program Management Lines** – Stronger justification and well-defined lines providing better clarification to the customer.

Annual review will be conducted to review the health of the FMS Trust Fund Administrative Account

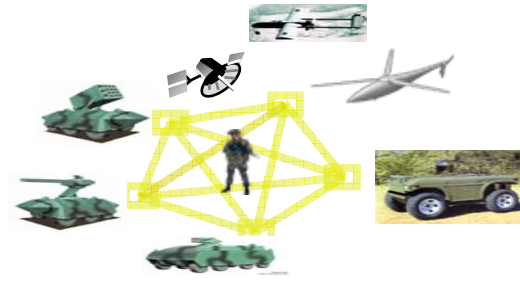
Priorities for the Future

➤ Investments

- Case funded staff to execute a \$21B+ sales year(s)
 - Contractors
 - Term Employees
- Automation
 - DSAMS FORTE Conversion
 - Case Execution

➤ Savings

- BEAT (Business Efficiencies and Action Team)
- Services Individual Lean Six Sigma Projects



***Deputy Assistant Secretary of the
Army for Defense Exports and
Cooperation
DASA (DE&C)
Perspective***



DASA DE&C Core Mission Areas

Representation

Export Controls/Tech Transfer

- Weapon Systems Export Policies
- Technology Transfer/
Foreign Disclosure
- Munitions Licenses
- Direct Commercial Sales
- Leases (10 USC § 2667)

Security Assistance

Security Assistance

- Foreign Military Sales
- International Military Education & Training
- Presidential Drawdowns
- Excess Defense Articles
- Co-production
- Leases (22 USC § 2796)

Export Control & Tech Transfer

Armaments Cooperation

Armaments Cooperation

- Cooperative Research & Development
- Data/Information Exchange
- Personnel Exchanges
- Foreign Comparative Test
- Cooperative R&D Loans
(22 USC § 2796d)

- **Joint Military Conferences**
- **NATO Army Armaments Group**
- **OSD/Bilat/Multilat Fora**
- **Senior National Rep (Army)**

- ✓ Policy
- ✓ Resources
- ✓ Approvals

DASA DE&C Funding Trends

FY04 Sales

Traditional FMS	\$4,830,000,000
Other	39,000,000
Total Army Sales:	<hr/> \$4,869,000,000

FY05 Sales

Traditional FMS	\$3,269,000,000
Other	1,217,000,000
Total Army Sales:	<hr/> \$4,486,000,000

FY06 Sales

Traditional FMS	\$3,424,000,000
1206	27,800,000
Other	1,688,200,000
Total Army Sales:	<hr/> \$5,140,000,000

International Cooperative Agreements Research, Development & Acquisition (ICRDA) Agreements

Total Established IAs/IEAs

	FY04	FY05	FY06
MOU	73	64	64
PA	30	29	28
LOANs	4	4	4
IEP Annex	223	240	238
TOTAL	330	337	334

Annexes/IAs Signed (per year)

	FY04	FY05	FY06
MOU	5	6	5
PA	11	6	6
LOANs	1	1	2
IEP Annex	15	22	8
TOTAL	32	35	21

Total Dollar Contributions (millions)

	FY04	FY05	FY06
Foreign	\$94.6	\$51.2	\$79.2
U.S.	\$78.7	\$52.3	\$80.4
TOTAL	\$173.3	\$103.5	\$159.6

Note: Foreign contributions appear disproportionate due to Inclusion of multilateral agreements

Avg Num. of IAs/IEAs in Process

	FY04	FY05	FY06
MOU	24	23	29
PA	23	17	18
LOANs	1	4	5
IEP Annex	39	35	32
TOTAL	87	79	84

Army Security Cooperation Challenges

➤ New challenges:

- Increased sales activity
- High visibility for DoD funded programs
- Decreasing budgets/inventories
- Clear requirements
- Customer expectations
- Competition with Army requirements
- Working toward coalition forces
- Export Controls
- Armaments Cooperation

Security Cooperation - New Way of Thinking

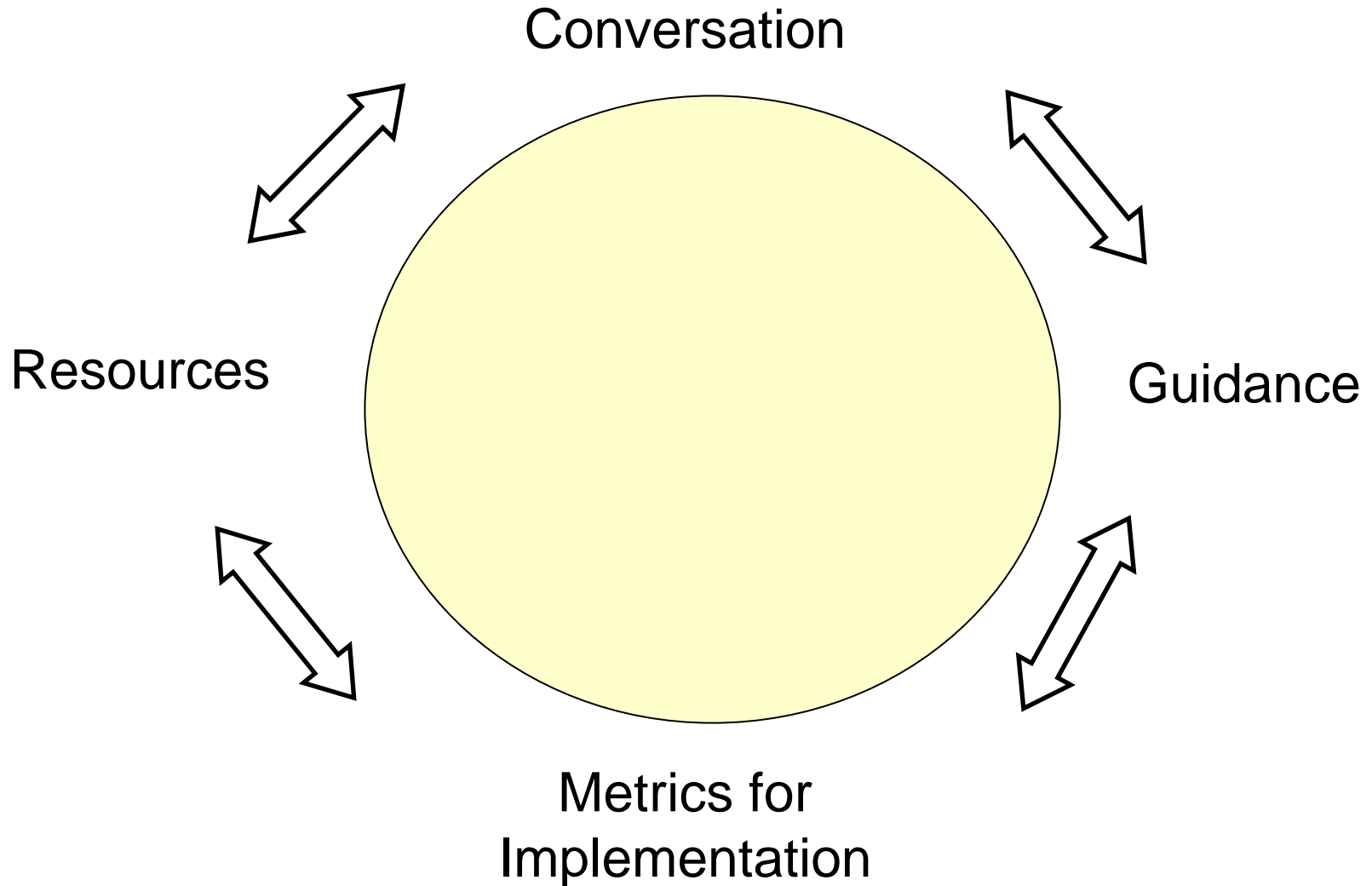
➤ ASA(ALT) objectives

- Process Reform
- Logistics Reform
- New Military Deputy

➤ We need to have a conversation

- DoD funded international programs
- Lean Six Sigma
- New coalition partners
- New partners and returning partners

Army Direction



Summary

- **Need for flexibility as we respond to change**
- **What we do needs to be relevant to the Army Security Cooperation mission and guidance**
- **Looking forward to the dialogue**

